



CALIFORNIA STATE PUBLIC WORKS BOARD

ARNOLD SCHWARZENEGGER, GOVERNOR

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STATE PUBLIC WORKS BOARD

February 6, 2004

MINUTES

PRESENT:

Mr. Michael C. Genest, Chief Deputy Director, Department of Finance
Mr. Bob Garcia, Chief Financial Officer, Department of Transportation
Mr. Barry Hemphill, Deputy Director, Telecommunications Division,
Department of General Services
Ms. Cindy Aronberg, Deputy Controller, State Controller's Office
Mr. Juan Fernandez, Director, Public Finance Division, State Treasurer's Office

ADVISORY MEMBER:

Director, Employment Development Department

LEGISLATIVE ADVISORS:

Assembly Member Darrell Steinberg
Assembly Member Wilma Chan
Assembly Member Fabian Nunez
Senator Betty Karnette
Senator Wesley Chesbro
Senator Gilbert Cedillo

STAFF PRESENT:

Kathryn Amann, Assistant Administrative Secretary, State Public Works Board
Michael Carter, Assistant Administrative Secretary, State Public Works Board
Tamara Moss, Executive Secretary, State Public Works Board
Nathan Brady, Budget Analyst, Department of Finance
Debbie Dills, Budget Analyst, Department of Finance

SPEAKERS PRESENT

Richard Hiscocks, Orrick, Herrington & Sutcliffe, LLP

OTHERS PRESENT:

Sabrina Winn, Department of General Services—RES/PSB
Barbara Tanaka, State Treasurer's Office
Rick Stolz, Department of Parks and Recreation
Irene Anderson, Department of General Services
Gerry Clark, Department of General Services—RES/PSB
Chris Vance, State Treasurer's Office
Chris Kooyman, State Treasurer's Office
Dale Clevenger, California Community Colleges
Tim Shelley, Senator Karnette's Office
Rob Kane, Department of Parks and Recreation
Warren Westrup, Department of Parks and Recreation
George Sifuentes, California Department of Corrections

CALL TO ORDER AND ROLL CALL:

Mr. Genest, Chairperson, Chief Deputy Director, Department of Finance at 10:03 am called the meeting to order. Ms. Amann, Assistant Administrative Secretary for the State Public Works Board called the roll. A quorum was established.

APPROVAL OF MINUTES

Ms. Amann reported that staff has reviewed the minutes from the January 9, 2004 meeting and believe them to accurately represent the actions of the Board and recommended approval.

Hearing no objections, the minutes from the January 9, 2004 meeting were unanimously approved.

BOND ISSUES:

Ms. Amann reported that there was one bond item. However, we are pulling this item, Department of General Services, Central Plant Renovation and Related Sites, at the request of the State Treasurer's Office. It is our intent to bring this item before the Board at our next meeting.

Ms. Aronberg stated that the State Controller wishes to express his concerns regarding environmental violations occurring at the current Central Plant. The Controller requests a follow up on the status those environmental issues before this item comes before the Board next month.

Mr. Genest stated that we are moving to the other business segment of the agenda for the benefit of the Controller and Treasurer.

Ms. Amann stated that for information purposes we would like to bring to the Board's attention information that was disclosed in conjunction with the release of the 2004-05 Governor's Budget. The Administration has announced the closure of the Fred C. Nelles Youth Correctional Facility in Whittier, California. The campus is one of the oldest facilities of the CYA. To reduce operating costs, it has been decided to close it and consolidate the wards at other existing facilities. It is the intention that this campus be sold.

The reason this is of interest to the Board is that there are outstanding PWB lease revenue bonds that are still owed on a one single story maintenance building on campus. The bonds outstanding were issued in 2000 and are approximately \$2.5 million. The CYA still has an obligation to continue the debt payments, as they will still have a beneficial use and occupancy of the building. When the bonds were sold for this particular building, the Board (through its staff) entered into various agreements, the most important being a "disclosure" requirement that certain reportable events would be reported. The event that requires disclosure is the future partial defeasance and redemption of bonds and the termination of the leases (the security for the bonds), which will cause a release of the property securing the bonds.

While this sale of the property will not happen for possibly a couple of years, our staff have been in contact with the State Treasurer's Office and the Board's bond counsel to begin discussions on the proper treatment of this action. While any official disclosure relating to this facility closure is not required, now, we believe as part of the State's voluntary investor's relations activities, that a prudent action would be to issue a press release. The draft press release indicates that the Board's staff is aware of the pending closure and will monitor the situation and ensure that

debt payments are continued. When the facility is sold, staff will ensure that sufficient funds are set aside from the sale to redeem the outstanding bonds at that time.

Ms. Amann stated that Mr. Richard Hiscocks, a representative from Orrick, Herrington and Sutcliffe is available to answer any questions.

Mr. Hiscocks stated that the State has had disclosure responsibility for a number of years, with respect to all of its bond issues. The PWB has established a process for being certain that we are complying with all of the pertinent requirements of federal securities laws with respect to those disclosers. And then on occasions such as this, it seems prudent to provide a bit of extra information. Because of the fact that this particular facility, which is financed with Public Works Board bonds, will be part of a process by which it will be disposed of by the State, it seems like a good idea to let the investing public know (who might own some of these bonds) that their interests will be taken care of as part of the process of disposing of the facility.

Ms. Amann stated that she wanted to again point out that this is only a draft press release and will go through the approval process within the Administration before the final is released.

Ms. Aronberg asked if there was a reason for the PWB to issue a press release in conjunction with what the State has already issued.

Mr. Hiscocks stated that a press release seems like a convenient avenue of communication with the public.

Mr. Fernandez stated that under normal disclosure requirements, we are required to submit any disclosure information through the Nationally Recognized Municipal Information Securities Repository. From time to time this method is used to insure that the important public has been notified.

CONSENT CALENDAR:

Ms. Amann stated that we are pulling Item #3, Department of General Services, San Francisco Exchange Project. It is our intent to bring this item before the Board next month.

In summary, the revised consent calendar covers Item #2 and Items #4 through #11 and proposes: three requests to approve preliminary plans; one request to recognize a scope change; one request to approve local cost increase; two requests to authorize an acquisition; one request to authorize site selection; one request for settlement of two construction claims; two requests to approve augmentation and one request to authorize redirection of existing project authority.

There are three 20-day letters in your package. Item #7, **Department of Corrections**, High Desert State Prison Bid Packages 3 and 4 Construction Claim Settlement, augmentation. A 20-day letter was sent to the Legislature on January 15, 2004, without comment. Item #10, **California Community Colleges**, Santa Monica Community College District, Santa Monica College Liberal Arts Replacement, scope change and local cost increase. A 20-day letter was sent to the Legislature on January 14, 2004, without comment. Item #11, **California Community Colleges**, San Diego Community College District, Centre City Center Seismic Retrofit Administration Building, augmentation. A 20-day letter was sent to the Legislature on January 15, 2004, without comment.

Staff recommends approval of the revised Consent Calendar Item #2 and Items #4 through #11.

A motion was made by Mr. Hemphill, and Second by Mr. Garcia to adopt the revised Consent Calendar and to approve Item #2 and Items #4 through #11.

The consent calendar was adopted by a 3-0 vote.

ACTION ITEMS:

Ms. Amann stated that there were two Action Items. Item #12 Department of Parks and Recreation, Henry W. Coe State Parks, Mustang Peak, Santa Clara County. This item will approve the acquisition contingent on receiving from the seller a stamped, surveyed legal description for the roadway that is reviewed and approved for accuracy by the Department of General Services. The normal process is to have this prior to acquisition being approved, however; we understand that this seller requested waiting until after he was comfortable that the acquisition would be approved. Staff recommends approval.

A motion was made by Mr. Garcia and Second by Mr. Hemphill to approve Action Item #12.

Action Item #12 was approved by a 3-0 vote.

Item #13, California State University, Fresno State University, Fresno County-Education Building. This item will authorize execution of the First Amendment to Site Lease and the Fourth Amendment to Facility Lease. This is an ad-ministerial action that will allow certain documents to be amended from a prior bond sale. The effect of the amendments will be to delete the inclusion of approximately 6-acres from the previous financing in order to allow construction on that site in the future. Staff has received approval from the bond insurers and the State Treasurer's Office (as trustee) is aware of this. Staff recommends approval.

A motion was made by Mr. Garcia and Second by Mr. Hemphill to approve Action Item #13.

Action Item #13 was approved by a 3-0 vote.

OTHER BUSINESS:

Mr. Genest stated that the other business on the agenda has already been discussed.

REPORTABLES:

Ms. Amann indicated that there were six reportable items that Finance staff had approved under the authority delegated by the Board.

NEXT MEETING:

Ms. Amann noted that the next regularly scheduled meeting is Friday, March 12, 2004, at 10:00 am, in Room 112.

Having no further business, the meeting was adjourned at 10:16 am.

BOND ITEM

BOND ITEM – 1

DEPARTMENT OF GENERAL SERVICES (1760)
CENTRAL PLANT RENOVATION, SACRAMENTO, SACRAMENTO COUNTY
Central Plant and Related Sites

Authority: Chapter 157/03 Item 1760-301-0660(1)

Adopt a resolution to:

1. Authorize the use of interim financing to be repaid from the Public Buildings Construction Fund from the proceeds from the sale of bonds.
2. Authorize the execution of the Construction Agreement between the Department of General Services and the State Public Works Board.
3. Approve the form of and authorize the execution of a Site Lease between the Department of General Services and the State Public Works Board.
4. Approve the form of and authorize the execution of the Facility Lease between the Department of General Services and the State Public Works Board.
5. Authorize the sale of the State Public Works Board Lease Revenue Bonds.

TOTAL ESTIMATED PROJECT COSTS: \$159,722,000

PULLED.

BOND ITEM

STAFF ANALYSIS – 1

Department of General Services
Central Plant Renovation, Sacramento

Action Requested

The requested action will adopt a resolution authorizing the use of interim financing and the sale of lease revenue bonds.

Scope Description

This project is within scope. This project will decommission the Ranney Well, construct cooling towers at the Ranney well site, construct an approximately 8 million gallon underground Thermal Energy Storage (TES) tank - integrating additional cooling towers at a downtown site(s) to be determined, demolish the existing gasifier building at the Central Plant (CP), and expand the Central Plant (approximately 22,000 gsf) to accommodate additional required equipment: chiller(s) boiler(s) .pumps, piping and other required ancillary equipment. Work at the CP includes modification of existing equipment as well as upgrading the energy management and control center. This work includes constructing a new underground piping distribution system from the CP to the TES (adjacent properties) and cooling towers. It also transfers control of the land at the Ranney well site from DPR to DGS and acquires any needed easements from the City of Sacramento. It includes acquisition of property adjacent to the Central Plant to accommodate the TES. A 4-megawatt gas turbine cogeneration plant is also included.

Funding and Cost Verification

This project is within cost.

\$159,722,000 total estimated project costs

\$0 project costs previously allocated:

\$159,722,000 project costs to be allocated: site acquisition/study for \$12,400,000; preliminary plans for \$5,872,000; working drawings for \$5,771,000; construction for \$135,679,000 (\$118,041,000 contract, \$8,263,000 contingency, and \$9,375,000 for A & E)

CEQA

The CEQA documentation will be filed during the site acquisition phase.

Project Schedule

The project schedule is as follows:

Approve site acquisition:	June 2005
Approve preliminary plans:	June 2005
Approve proceed to bid:	July 2006
Complete construction:	October 2008

Staff Recommendation: Adopt resolution.

CONSENT ITEM

CONSENT ITEM – 2

DEPARTMENT OF GENERAL SERVICES (1760)
JUDICIAL COUNCIL OF CALIFORNIA (0250)
FIFTH APPELLATE DISTRICT NEW COURTHOUSE, FRESNO COUNTY
JCC Project Number 002, DGS Parcel Number 10001,

Authority: Chapter 52/00, Item 0250-301-0001(3)

a. Authorize acquisition

APPROVED.

CONSENT ITEM

STAFF ANALYSIS – 2

Department of General Services
Judicial Council of California
Fifth Appellate District New Courthouse

Action Requested

The requested action will authorize acquisition for this project.

Scope Description

This project is within scope. The project provides for acquisition of land and the construction of a replacement facility for the Fifth Appellate District Court in Fresno. The acquisition phase of the project includes acquiring fee simple interest in two parcels (approximately 150 feet apart; designated as the Courthouse Site and the Parking Site) that total approximately 2.05 acres of land that has recently been cleared of several older homes and commercial buildings. It is now unimproved and ready for development. The property is located in a designated redevelopment zone to be developed in two stages, identified as Phase I and Phase II. The Redevelopment Agency of the City of Fresno has designated a developer to construct adjacent office and commercial improvements in the redevelopment zone, and is in the process of finalizing a Master Plan Development Agreement with said developer. The subject real property is located within the Phase I area. The City has acquired all the parcels in the Phase I area and is now prepared to convey the Courthouse Site to the State of California. Conveyance of the Parking Site will occur subsequent to the Seller's completion of the surface parking lot improvements.

Funding and Cost Verification

This project is within cost. Chapter 52, Budget Act of 2000, Item 0250-301-0001(3) provides \$1,031,000 for this acquisition of fee simple interest. The property can be acquired with the funds available and in accordance with Legislative intent.

\$19,065,000 total project costs

\$1,506,000 project costs previously allocated: acquisition \$1,031,000, preliminary plans \$475,000, and

\$17,559,000 project costs to be allocated: working drawings \$1,034,000 and construction \$16,525,000 (\$14,161,000 contract, \$708,000 contingency, \$1,656,000 project administration)

CEQA

A Notice of Exemption was filed with the State Clearinghouse on April 2, 2003, and the waiting period expired on May 8, 2003.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is no later than February 20, 2004 for the 1.25 acre Courthouse Site. The close of escrow for the .8 acre Parking Site will occur upon the Seller's completion of surface parking improvements on the Parking Site. The acquisition agreement provides for this to happen no later than the completion date for the construction of the new courthouse facility.

Condition of Property

Department of General Services (DGS), Environmental Services Section (ESS) staff have reviewed the Phase I Environmental Site Assessment (PSA) for the City of Fresno's proposed 10-acre Armenian Town Redevelopment Area. The report was prepared by BSK, Inc. for the Fresno Redevelopment Agency. No indications of recognized environmental conditions (REC) were found within or adjacent to the proposed 2-acre portion of the redevelopment area. No other potential problems with hazardous materials or the condition of the property were observed during numerous staff visits over the past year.

ESS staff believes the PSA has been professionally prepared in recognition of the American Society of Testing and Materials (ASTM) Standards, and that the level of investigation adequately supports the findings of the PSA and provides a satisfactory preliminary evaluation for the possible presence of RECs at the site.

As of the most recent site inspection by ESS staff, all structures had been cleared from the property, and the condition of the property appeared consistent with previous observations and findings. No due diligence issues relative to site acquisition considerations have been noted.

Other:

- The State Public Works Board (SPWB) approved this project for site selection on March 8, 2002.
- The Fresno City Council and the Board of the Redevelopment Agency approved the acquisition agreement and authorized its execution by the Redevelopment Agency on January 13, 2004.
- The acquisition price includes and provides for the Seller to construct a 96-space surface parking lot on the .8-acre site to agreed-upon specifications. Approximately 62½% of the acquisition funds will be withheld from the Seller until construction of said surface parking lot is completed.
- The grant deed provides for an easement reservation to the Seller (or their designated developer) for the future construction of a multi-level parking structure over the .8 acre surface parking lot site, to serve both the Fifth Appellate District Court and a planned adjacent Phase I office building. If and when such structure and office building are developed, 150 spaces in said parking structure shall be reserved in perpetuity for the use of the Court, and the cost of security and maintenance of said structure will be the responsibility of the designated developer.
- The acquisition agreement provides for the Seller (or their developer designee), at its sole cost and expense, to install all perimeter public improvements (curb, sidewalk, trees and landscaping) and to install all required utilities to the inside of the proposed sidewalks. The Seller (or their developer designee) is additionally required to install and maintain temporary landscaping on the remaining undeveloped portion of the Phase I site (approximately 2.45 acres) until such time as the adjacent Phase I office building is constructed.
- The acquisition agreement provides for future Master Plan CC&R's to be recorded on all the property (approximately 9.72 acres) in the redevelopment Master Plan Area. The content of said Master Plan CC&R's are subject to review and approval by the DGS and the SPWB. The terms and conditions of the acquisition agreement will serve as "Interim CC&R's" on the Master Plan Area until such time as the Master Plan CC&R's are finalized and recorded against the property in the Master Plan Area. Adequate oversight authority for the State is contained in the acquisition agreement to assure that future development on the adjacent redevelopment zone parcels will be compatible with the Court's intended use of the property.
- Should the State abandon the project or not proceed with the project construction within four years after the closing date of the Courthouse Site, the Seller shall have the right to re-

acquire the Courthouse and Parking sites within reasonable notification timeframes, and upon total reimbursement of the acquisition price to the State.

- The proposed site meets the location requirements of the Judicial Council of California (JCC).
- There is no relocation assistance involved with this acquisition.
 - The purchase price shall not exceed estimated fair market value as determined by a DGS approved appraisal.
- There is no implied dedication involved with this project.

Staff Recommendation: Authorize acquisition.

CONSENT ITEM

CONSENT ITEM – 3

DEPARTMENT OF GENERAL SERVICES (1760)
SAN FRANCISCO EXCHANGE PROJECT
COUNTY OF SAN FRANCISCO
DGS Parcel No. 10100

Authority: Chapter 610/01, Section 10

a. Authorize acquisition

PULLED.

CONSENT ITEM

STAFF ANALYSIS – 3

Department of General Services
San Francisco Exchange Project
County of San Francisco

Action Requested

The requested action will authorize acquisition consistent with the staff analysis.

Scope Description

This project is within scope. The project authorizes acquisition of a parking lot approximately 0.32 acres in exchange for four vacant parcels of surplus state owned property totaling approximately 0.61 acres. The property to be acquired is owned by the City of San Francisco and the County of San Francisco. It is located adjacent to existing state facilities in the City of San Francisco Civic Center area.

Funding and Cost Verification

This project is within cost. Chapter 610, Statutes of 2001, Section 10 provides for exchange of state owned parcels with the property to be acquired. Based on current valuations, the State and the City have concluded that the State Property fair market value exceeds the fair market value of the City parcel. The legislation provides that any value differential will be deemed as a subvention by the state augmenting the supply of affordable housing and facilitating the development of new state facilities in San Francisco.

CEQA

A Notice of Exemption was filed with the State Clearinghouse on April 11, 2002, and the waiting period expired on May 16, 2002.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow by April 2004.

Condition of Property

Department of General Services (DGS), Environmental Services Section (ESS) staff conducted a site visit on April 22, 2002, of the San Francisco Land Exchange Parcel (known as Parcel B), located mid-block on the north side of Golden Gate Avenue between Franklin and Gough Streets in San Francisco, CA. The site is paved with asphalt and surrounded by a chain link fence. The current use is a parking lot. No due diligence issues were noted that would prevent site acquisition. A Preliminary Site Assessment, Phase I report is not required at this time as long as the site remains paved and is used as a parking lot or for other similar activities. A Preliminary Site Assessment, Phase I should be conducted if the site is to be developed.

Other:

- The State Public Works Board approved this project for site selection on May 10, 2002.
 - There is no relocation assistance involved with this project.
- The property values for the parcels being exchanged are at fair market value as identified in the Department of General Services (DGS) reviewed and approved appraisal.
- The current use as a ground-level parking lot will continue unless the Legislature supports and provides funding for an alternate use.

Staff Recommendation: Authorize acquisition.

CONSENT ITEM

CONSENT ITEM – 4

DEPARTMENT OF GENERAL SERVICES (1760)
CALIFORNIA STATE COASTAL CONSERVANCY (3760)
CARBON-LA COSTA BEACH, LOS ANGELES COUNTY
SCC Project Number 129A, DGS Parcel Number 10227

Authority: Chapter 157/03, Item 3760-301-6029(3)
Public Resources Code Section 31400 et seq. (Coastal Access)

a. Authorize acquisition

APPROVED.

CONSENT ITEM

STAFF ANALYSIS – 4

Department of General Services
California State Coastal Conservancy
Carbon-La Costa Beach, Los Angeles County

Action Requested

The requested action will authorize acquisition consistent with the staff analysis.

Scope Description

This project is within scope. The project provides for acquisition of an approximately ½ acre unimproved, oceanfront parcel for public access purposes. The parcel to be acquired is reported to be the only remaining unimproved site along this portion of the Malibu coastline and is adjacent to a site previously dedicated in fee to the State. The combination of the parcel to be acquired and the adjacent dedicated site results in approximately 500 feet of public coastal access directly implementing the State Coastal Conservancy's goal to open new beach access in Malibu. The parcel to be acquired is to remain unimproved and used only for passive public access.

Funding and Cost Verification

This project is within cost. Chapter 157, Budget Act of 2003, Item 3760-301-6029(1) provides funding for site acquisition costs. The property can be acquired with the funds available and in accordance with Legislative intent.

\$1,250,000 total estimated project costs

\$100,000 project costs previously allocated: title and escrow related services, DGS appraisal review, DGS and PWB review/processing costs, preparation of management plan, and post-acquisition property management

\$1,150,000 project costs to be allocated: \$1,150,000 acquisition

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is February 2004.

CEQA

A Notice of Determination was filed with the State Clearinghouse on December 22, 2003, and the waiting period expired on January 20, 2004.

Condition of Property

Department of General Services (DGS), Environmental Services Section (ESS) staff conducted a site visit to the Carbon - La Costa Beach property on January 8, 2004. The approximately one-half acre parcel is located at 21724 Pacific Coast Highway, in Malibu, California. The parcel is a vacant sand and cobble beach bordered by the Pacific Coast Highway on the north, the Pacific Ocean on the south and residential properties east and west.

A Phase I Environmental Site Assessment report was not available for this property and is not deemed necessary given the physical setting of the parcel. No potential problems with

hazardous materials were observed during the ESS site visit and the property is compatible with the proposed future use.

Other:

- The State Coastal Conservancy (SCC) is not aware of any lawsuits pending concerning the property. The Property Acquisition Agreement will require delivery of title to the property free and clear of any mortgages or liens.
- The property is vacant and unoccupied. There will be no relocation assistance involved with this project.
 - The purchase price shall not exceed estimated fair market value as determined by a Department of General Services approved appraisal.
 - The subject property is currently secured at the Pacific Coast Highway site boundary by chain link and metal fences.
 - There is no implied dedication involved with this project.
 - Site selection for this property was delegated and approved on January 21, 2004.

Staff Recommendation: Authorize acquisition consistent with the staff analysis.

CONSENT ITEM

CONSENT ITEM – 5

DEPARTMENT OF GENERAL SERVICES (1760)
DEPARTMENT OF PARKS AND RECREATION (3790)
BIDWELL-SACRAMENTO RIVER STATE PARK, (SINGH), BUTTE COUNTY
DPR Parcel Number A44701, DGS Parcel Number 10215

Authority: Chapter 379/02, Item 3790-301-6029(6)

a. Authorize site selection

APPROVED.

CONSENT ITEM

STAFF ANALYSIS – 5

Department of General Services
Department of Parks and Recreation
Bidwell-Sacramento River State Park (Singh)

Action Requested

The requested action will authorize site selection for this project.

Scope Description

This project is within scope. The Legislature included an appropriation to the Department of Parks and Recreation (DPR) from Proposition 40: California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund for new acquisitions for the State Park System without specifying particular parcels. This request will authorize site selection for fee simple interest in a parcel of property approximately 40.4 acre large as an addition to the Bidwell-Sacramento River State Park.

Funding and Cost Verification

This project is within cost. Chapter 379/02, Item 3790-301-6029(6) provides funding for this acquisition in fee simple interest and associated overhead for the real property. The property can be acquired with the remaining funds and in accordance with Legislative intent.

CEQA

A Notice of Exemption was filed with the State Clearinghouse on December 11, 2003, and the waiting period expired on January 15, 2004.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is April 2004.

Condition of Property

Department of General Services (DGS), Environmental Services Section (ESS) staff conducted a site visit to the Singh, Bidwell Sacramento River State Park parcel on December 3, 2003. The acquisition consists of approximately 40.4 acres of walnut orchard within an agricultural area of Butte County, California. River Road and the Sacramento River are located west of the subject property. Mud Creek is located east of the property. The current and historic use of the land is agriculture and no structures were located on the subject property at the time of the site visit. Irrigation water is provided by an agricultural well located near the central portion of the orchard and electricity is provided to the pump by overhead lines to a sub-panel and underground lines from the sub-panel to the pump. Unpaved roads provide access to the orchard on the northern and southern boundaries.

A Phase 1 Environmental Site Assessment report was prepared for this site, dated November 7, 2001. ESS staff finds the report consistent with ASTM standards. ESS agreed with the Phase 1 conclusion that the proposed future use of the property (orchard and eventual restoration to natural habitat) is unlikely to impact human health or the environment because all agricultural chemicals used have been in accordance with manufacturer's recommendations.

Part of an auto shell was observed to have been discarded on the bank of Mud Creek. The owner will have the auto shell removed prior to the transfer of property ownership. No other potential problems with hazardous materials, e.g., ground and/or vegetation staining was observed during the ESS site visit and the property is compatible with the proposed future uses.

Other:

- The purchase price shall not exceed estimated fair market value as determined by a DGS approved appraisal.
- DPR is not aware of any lawsuits pending concerning the property. The Property Acquisition Agreement will require delivery of title to the property free and clear of any mortgages or liens.
- The property contains no structures but is improved with a walnut orchard. DPR will assume a Farming Contract with the former property owner known as "grower" for the walnut orchard in the form of a license agreement that expires on November 30, 2004. Under the Farming Contract, the rights of the seller, The Nature Conservancy (TNC), will be assigned to DPR in writing at the close of escrow.
- The grower shall pay all costs related to the farming of the property and for all power, heat, phone, sewer and other utilities related to the property that will be in the grower's name. Grower shall also pay for all taxes and maintenance costs involved in farming the property and shall provide and pay for the cost of general and comprehensive liability insurance.
- DPR will receive 20% of the total gross revenues generated by the walnut orchard from the grower to include all proceeds generated from the sale of crops grown and harvested on the property.
- The seller intends to complete a study of the restoration of the Big Chico Creek Riparian Area by the year 2008. Once this study is completed, DPR plans to restore this area to riparian use.
- DPR estimates the need for 2 PYs and ongoing costs of \$160,000 for personal services and operating expenses to provide for public safety, a minimum level of public access, resource protection and maintenance. In addition, DPR further estimates one-time costs of \$258,000 for fencing, signage, temporary parking and trails, picnic tables, one-time purchase of equipment, and restoration of the riparian habitat. DPR has provided this information as its best estimate of initial needs. The Department of Finance provides no endorsement of these support estimates, but will evaluate DPR workload and staffing requirements through the normal budget process if an augmentation request is submitted, and within the context of the Administration's overall budget priorities. Nevertheless, Finance would not recommend additional support expenditures if continued revenue forecasts fail to project short-term growth and additional program reductions become necessary. DPR brings this acquisition request forward with the full knowledge that additional support appropriations may not be available. Until additional funding is available, DPR will temporarily lease orchard lands and/or provide for limited resource protection and limited authorized public access.

Staff Recommendation: Authorize site selection.

CONSENT ITEM

CONSENT ITEM – 6

DEPARTMENT OF PARKS AND RECREATION (3790)
LAKE PERRIS STATE PARK, RIVERSIDE COUNTY
Replace Lifeguard Headquarters

Authority: Chapter 157/03, Item 3790-301-6029(7)

a. Approve preliminary plans

APPROVED.

CONSENT ITEM

STAFF ANALYSIS – 6

Department of Parks and Recreation
Lake Perris State Recreation Area, Riverside County
Replace Lifeguard Headquarters

Action Requested

The requested action will approve preliminary plans for this project.

Scope Description

This project is within scope. This project will demolish the existing lifeguard headquarters at Lake Perris SRA and construct a replacement multi-purpose lifeguard facility. The 2,500 to 3,000 square foot facility will include a lifeguard tower, a separate garage bay for lifeguard vehicles and equipment, a training/conference room for the statewide reservoir lifeguard training program, office space for lifeguards and lifeguard supervisors, a first aid area, and two locker rooms with restrooms and showers. The new multi-purpose lifeguard facility will enable the current lifeguard program to provide a safe environment at Lake Perris and will provide adequate training space for the statewide reservoir lifeguard program.

Funding and Cost Verification

This project is within cost.

\$943,000 total estimated project costs

\$77,000 project costs previously allocated: preliminary plans

\$866,000 project costs to be allocated: working drawings \$56,000, construction \$785,000 (\$668,000 contract, \$34,000 contingency, \$82,000 A&E costs \$1,000 agency retained items), and equipment \$25,000 at CCCI 4019

CEQA

A Notice of Determination was filed with the State Clearinghouse on December 23, 2003 and the waiting period expired on January 22, 2004.

Project Schedule

The project schedule is as follows:

Approve working drawings: July 2004

Complete construction: April 2005

Due Diligence Status

Due diligence has not yet been completed but preliminary due diligence will be completed prior to bidding out the construction contract. The property on which the project will be constructed has been owned by the State for 30 years.

Staff Recommendation: Approve preliminary plans and release of working drawing funds.

CONSENT ITEM

CONSENT ITEM – 7

DEPARTMENT OF CORRECTIONS (5240)
HIGH DESERT STATE PRISON
LASSEN COUNTY

*Authority: Chapter 981/90, Item 5240-803-0751(7)(c)(1), 61.33.001
Chapter 695/92, Item 5240-813-0660-163, 61.33.002*

- a. Recognize the settlement of two construction claims with McCarthy Western Constructors, Inc.
- b. Approve augmentation and a redirection of existing project authority to award construction claim settlement and additional legal fees associated with claim settlement

\$7,892,000
(18.57 percent of total project costs)

APPROVED.

CONSENT ITEM

STAFF ANALYSIS – 7

Department of Corrections
High Desert State Prison

Action Requested

The requested action will recognize the settlement of two construction claims with McCarthy Western Constructors, Inc. (McCarthy), approve augmentation, approve a redirection of existing project authority to award the construction claim settlements and additional legal fees associated with the claims.

Scope Description

This project is within scope. The High Desert State Prison in Lassen County is a 2,224-bed medium, maximum or combination prison designed to house male inmates and is located on the grounds of the California Correctional Center at Susanville. The prison houses approximately 1,924 Level III and Level IV (medium & maximum security which includes 100 Administrative Segregation) male inmates, 100 reception inmates, and 200 Level I (minimum-security) inmates. In terms of construction and life-cycle costs, the prison is designed using prototypical designs for cost efficiency. The High Desert State Prison is a fully programmed, work-based institution that provides the full range of legally mandated programs and services. The institution also provides work opportunities and educational or vocational training emphasizing productivity and self-improvement opportunities for inmates.

Funding and Cost Verification

This project is not within cost. The Department of Corrections (CDC) requests an augmentation of \$7,892,000, redirection of existing project authority, and align all cost categories to actual costs for the settlement of the Bid Package 3 and 4 construction contract claims arising from the construction of High Desert State Prison in the amount of \$17,544,605 and additional legal fees associated with the claim settlements in the amount of \$210,000. All cost categories have been aligned to actual costs.

The Bid Package 3 and 4 contractor, McCarthy, initially filed the two claims in November of 1996 for \$18.7M in alleged construction damages and return of liquidated damages. The claims have undergone extensive reviews and litigation in attempting to resolve them. The claims were arbitrated from January 1998 through November 2000 and, a final decision by the arbitrator was received on October 4, 2001, in favor of McCarthy. The decision awarded McCarthy \$12.78M for their claim and \$5.93M in attorney's fees and interest for a total decision of \$18.71M. By the time the Superior Court confirmed the final judgment on April 24, 2003, the total decision with interest totaled over \$19.44M. As of November 2003, when final settlement discussions were occurring, the judgment, with interest totaled over \$20.6M.

CDC sought to vacate this decision in Superior Court and was initially successful in having some of the key elements of the decision remanded back to the arbitrator. The arbitrator, however, did not revise his decision as directed and the Superior Court accepted the confirmed decision without further modification. Subsequently, the CDC filed an appeal with the Third District Court of Appeal.

Concurrent to CDC's attempt to vacate the arbitration decision, CDC and McCarthy participated in another arbitration of CDC's counter claim against McCarthy for defective lock hardware provided by McCarthy under their Bid Package 3 contracts at High Desert State Prison and at Salinas Valley State Prison. CDC's claim sought damages for replacing Folger Adams A9300 series locks totaling \$514,776.

CDC prevailed and eventually was awarded the full amount of their claim plus interest on October 17, 2003, totaling \$523,900. McCarthy had indicated that it intended to appeal this decision. The settlement of this claim is also included with the McCarthy Bid Package 3 and 4 claims settlement.

While CDC has been preparing for their appeal, settlement discussions occurred. The estimated exposure to CDC in pursuing and losing the appeal would exceed \$23M given the length of time for the appeal process and additional legal costs. Counsel has advised CDC that less than 20 percent of all appealed decisions are overturned. Given the unfavorable chances of prevailing in the appeal and the exposure to accruing further statutory interest on the current judgment, CDC is compelled to seek resolution of these claims. The settlement agreement of \$17,544,605 is funded within the current lease-revenue bond fund availability and is believed to be a prudent settlement.

\$280,541,000 total estimated project costs

\$272,649,000 project costs previously allocated: acquisition \$525,000; preliminary plans \$5,307,000; working drawings \$6,583,000; project administration \$24,271,000; long lead \$1,282,000; equipment \$11,211,000; agency retained \$14,105,000; and construction \$209,365,000 (contract \$184,455,000; contingency \$22,104,000; and A&E \$2,806,000)

\$7,892,000 requested augmentation to be allocated: construction (construction contingency \$7,892,000)

CEQA

A Notice of Determination was filed with the State Clearinghouse on January 13, 1992, and the waiting period expired on February 13, 1992 with no public comment.

Project Schedule

Construction complete.

Inmate occupancy began August 1995.

Staff Recommendation: Recognize the settlement of two construction claims with McCarthy Western Constructors, Inc. approve augmentation and a redirection of existing project authority to award the construction claim settlements and additional legal fees associated with the claims.

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CONSENT ITEM

CONSENT ITEM – 8

CALIFORNIA COMMUNITY COLLEGES (6870)
SAN LUIS OBISPO COUNTY COMMUNITY COLLEGE DISTRICT
NORTH COUNTY CENTER, SAN LUIS OBISPO COUNTY
Learning Resource Center

Authority: Chapter 157/03, Item 6870-301-6028(66)

a. Approve preliminary plans

APPROVED.

CONSENT ITEM

STAFF ANALYSIS – 8

California Community Colleges
San Luis Obispo County Community College District
North County Center, San Luis Obispo County
Learning Resource Center

Action Requested

The requested action will approve preliminary plans for this project.

Scope Description

This project is within scope. This project provides for the construction of a 30,050 assignable square foot (asf) learning resource center. The project includes 5,100-asf lecture, 9,585-asf laboratory, 5,750-asf office, 6,000-asf library, 1,565 asf AV/TV, and 2,050 asf of other space.

Funding and Project Cost Verification

This project is within cost.

\$11,493,000 total estimated project costs

 \$341,000 project costs previously allocated: preliminary plans

\$11,152,000 project costs to be allocated: working drawings \$361,000; construction \$9,352,000 (\$8,367,000 contracts, \$418,000 contingency, \$567,000 administration, testing, inspection) at CCCI 4019

CEQA

A Notice of Determination was filed with the State Clearinghouse on January 29, 1998, and the waiting period has expired.

Project Schedule

The project schedule is as follows:

Approve working drawings: July 2004

Complete construction: May 2006

Staff Recommendation: Approve preliminary plans and release funds for working drawings.

CONSENT ITEM

CONSENT ITEM – 9

CALIFORNIA COMMUNITY COLLEGES (6870)
SEQUOIAS COMMUNITY COLLEGE DISTRICT
COLLEGE OF THE SEQUOIAS, TULARE COUNTY
Physical Education & Disabled Program Center

Authority: Chapter 157/03, Item 6870-301-6028(92)

a. Approve preliminary plans

APPROVED.

CONSENT ITEM

STAFF ANALYSIS – 9

Sequoias Community College District
College of the Sequoias, Tulare County
Physical Education & Disabled Program Center

Action Requested

The requested action will approve preliminary plans for this project.

Scope Description

This project is within scope. This project provides for the construction of a 20,535-asf gymnasium, remodels 6,360 of the existing gymnasium, and constructs a 1,794-asf Disabled Program Center annex onto the existing gymnasium.

Funding and Project Cost Verification

This project is within cost.

\$7,046,000 total estimated project costs

\$211,000 project costs previously allocated: preliminary plans

\$3,000 local costs previously allocated: preliminary plans

\$6,747,000 project costs to be allocated: working drawings \$294,000; construction \$6,204,000 (\$5,520,000 contracts, \$3000,000 contingency and \$384,000 construction management at CCI 4019); and equipment \$249,000 at EI 2564

\$85,000 local costs to be allocated: working drawings \$3,000; construction \$79,000 (contracts); and equipment \$3,000 at EI 2564

CEQA

A Notice of Preparation was filed with the State Clearinghouse on March 25, 1997, and the waiting period expired on April 24, 1997.

Project Schedule

The project schedule is as follows:

Approve working drawings: February 2005

Complete construction: September 2006

Staff Recommendation: Approve preliminary plans and release funds for working drawings.

CONSENT ITEM

CONSENT ITEM – 10

CALIFORNIA COMMUNITY COLLEGES (6870)
SANTA MONICA COMMUNITY COLLEGE DISTRICT
SANTA MONICA COLLEGE, LOS ANGELES COUNTY
Liberal Arts Replacement Building

Authority: Chapter 157/03, Item 6870-301-6028(70)

a. Recognize scope change and local cost increase

APPROVED.

CONSENT ITEM

STAFF ANALYSIS – 10

California Community Colleges
Santa Monica Community College District
Santa Monica College, Los Angeles County
Liberal Arts Replacement Building

Action Requested

The requested action will recognize a scope change and local cost increase for this project.

Scope Description

The project is not within scope. The authorized scope of the project constructs a new liberal arts instructional building 25,332 assignable square feet (asf) to include 15,290 asf of lecture space, 2,093 asf of laboratory space, 6,206-asf office and administrative support space and 1,743 asf of other space. The City of Santa Monica has requested the District add student parking to the project and will provide the funding for the increased costs. The modified scope will add 15,483 gross square feet of below grade parking underneath the instructional building. Other space types will remain the same. A 20-Day Letter was sent to the Legislature on January 14, 2004 and the waiting period expired without comment.

Funding and Project Cost Verification

This project is within cost. The additional cost of this change is estimated to increase the total cost of the project by \$2,24,000 and will be funded by the locally.

\$11,516,000 total estimated project costs

\$351,000 project costs previously allocated: preliminary plans

\$4,107,000 project costs to be allocated: working drawings \$303,000, construction \$3,309,000 (\$2,990,000 contracts, \$141,000 contingency, \$178,000 construction management, administration, testing and inspection) at CCI 4019 and equipment \$495,000 at EPI 2564

\$7,058,000 local funds to be allocated: preliminary plans \$74,000, working drawings \$92,000, construction \$6,892,000 (\$6,203,000 contracts, \$318,000 contingency, \$371,000 construction management, administration testing and inspection) at CCI 4019

CEQA

A Notice of Determination was filed with the State Clearinghouse on September 4, 2003 and the waiting period expired on October 9, 2003.

Project Schedule

The project schedule is as follows:

Approve preliminary plans: March 2004
Approve working drawings: November 2004
Complete construction: September 2006

Staff Recommendation: Recognize scope change and local cost increase.

CONSENT ITEM

CONSENT ITEM – 11

CALIFORNIA COMMUNITY COLLEGES (6870)
SAN DIEGO COMMUNITY COLLEGE DISTRICT
CENTRE CITY CENTER, SAN DIEGO COUNTY
Seismic Retrofit, Administration Building

Authority: Chapter 52/00, Item 6870-301-0574(60)
Chapter 106/01, Item 6870-301-0574(55)

a. Approve augmentation

\$507,005
(17.6 percent of total project)
(19.5 percent construction)

APPROVED.

CONSENT ITEM

STAFF ANALYSIS – 11

California Community Colleges
San Diego Community College District
Centre City Center, San Diego County
Seismic Retrofit, Administration Building

Action Requested

This action will provide for augmentation for the construction phase of this project.

Scope Description

This project is within scope. This project seismically retrofits a 17,393-asf building used for classroom and laboratory space. This building appeared in the 1998 California Community Colleges Seismic Survey Report and Recommendations, prepared by the Department of General Services, Real Estate Services Division (Risk Level VI, Seismic Zone 4).

Funding and Cost Verification

This project is not within cost. The project was previously brought forward for an augmentation when the Department of General Services required an ADA compliant elevator be installed. At that time the elevator and site work were estimated to be \$210,000 in addition to the original cost estimate. The Department of Finance directed the District to proceed to bid rather than recognize an anticipated cost deficit at that time. Since then, the District has completed the working drawings and gone out to bid with bid results in excess of the project appropriation. A 20-Day Letter was sent to the Legislature on January 15, 2004 and the waiting period expired without comment. The District will be responsible for any future cost increases to complete the project.

\$4,200,000	total estimated project costs
\$278,000	project costs previously allocated: preliminary plans \$158,000, working drawings \$120,000
\$2,599,000	project costs to be allocated: construction \$2,599,000 (\$2,288,000 contract, \$160,000 contingency, \$151,000 administration, testing and inspection) at CCI 4019
\$506,805	requested augmentation
\$816,195	local funds

CEQA

This project is in compliance with CEQA. A categorical exemption for this seismic retrofit project was filed on October 11, 2000 and the waiting period has expired without comment.

Project Schedule

The project schedule is as follows:

Complete Construction: July 2004

Staff Recommendation: Approve augmentation.

ACTION ITEM

ACTION ITEM – 12

DEPARTMENT OF GENERAL SERVICES (1760)
DEPARTMENT OF PARKS AND RECREATION (3790)
HENRY W. COE STATE PARK, MUSTANG PEAK, SANTA CLARA COUNTY
DPR Parcel Number A46801, DGS Parcel Number 10118

Authority: Chapter 52/00, Item 3790-301-0005(15)

a. Consider acquisition

APPROVED.

ACTION ITEM

STAFF ANALYSIS – 12

Department of General Services
Department of Parks and Recreation
Henry W. Coe State Park, Mustang Peak

Action Requested

The requested action is for the board to consider authorizing this acquisition.

Scope Description

This project is within scope. The Legislature included an appropriation to the Department of Parks and Recreation from Proposition 12: Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Fund for high priority additions to Henry W. Coe State Park within the Nature Conservancy's Mount Hamilton Open Space project. While particular parcels were not specified, priority was to be given to the Stevenson Property adjacent to Henry W. Coe State Park. This request will authorize acquisition of fee simple interest of 13 parcels of land totaling 832.37-acres as an addition to the Henry W. Coe State Park, within the Nature Conservancy's Mount Hamilton Open Space project.

Funding and Cost Verification

This project is within cost. Chapter 52/00 Item 3790-301-0005(15) provides \$12,000,000 for fee simple interest and overhead for this acquisition. The property can be acquired with the remaining funds and in accordance with Legislative intent.

\$1,538,000 total project costs

 \$8,000 project costs previously allocated (Fee appraisal and DGS staff costs)

\$1,530,000 project costs to be allocated: \$1,525,000.00 acquisition and approximately
 \$5,000 in overhead costs

CEQA

A Notice of Exemption was filed with the State Clearinghouse on September 24, 2003, and the waiting period expired on October 29, 2003.

Project Schedule

The project schedule is as follows:

The anticipated close of escrow is February 2004.

Condition of Property

Department of General Services (DGS), Environmental Services Section (ESS) staff conducted a site visit to the Mustang Peak, Stonier parcel on May 8, 2003. The acquisition consists of approximately 832 acres of primarily undeveloped agricultural/ranch land located within the Diablo Mountain Ranch in an unincorporated area of Santa Clara County between Henry Coe State Park and the Stanislaus County border. The predominant current and historic use of the land is for cattle grazing. The property is subject to the Williamson Act. The only improvements on the property consist of graded dirt roads, fences and ten stock reservoirs. There are no public utilities, i.e., electric, gas, water, sewer, available on the property.

A Phase I Environmental Site Assessment report was not available for this property and is not deemed necessary given the primarily undeveloped nature of the property. No potential problems with hazardous materials, e.g., ground and/or vegetation staining was observed during the ESS site visit and the property is compatible with the proposed future use.

Other:

- A private road traverses the property. This road provides access to the seller's remainder property. The property seller is requesting an easement to continue to use this road. The DPR can only grant road permits to private parties, which unlike easements must be renewed periodically. Without surveying the road, a blanket easement, such as, "the grantor reserves a 20 foot wide non-exclusive access easement to serve his remainder property", would need to be provided to the seller. Such an easement is too nebulous and could encumber the entire property. Therefore, the state is requiring that the seller to provide a full surveyed legal description of the road before the State will accept the property. The seller has no need for a survey, estimated to cost approximately \$7,000, unless the state acquires the property and will not pay for the survey until the State Public Works Board approves acquisition. As a result, the Property Acquisition Agreement includes a provision requiring the seller to obtain a stamped, surveyed legal description for the roadway no later than June 30, 2004. Escrow will not be opened until the legal description for the roadway is provided and is reviewed and approved for accuracy by the Department of General Services.
- The purchase price shall not exceed estimated fair market value as determined by a DGS approved appraisal.
- DPR is not aware of any lawsuits pending concerning the property. The property acquisition agreement will require delivery of title to the property free and clear of any mortgages or liens.
 - The property is vacant and unimproved.
 - There is no relocation assistance involved with this project.
 - Mineral rights have been reserved on the property by prior deeds, however, a review of the records of the Department of Conservation and the California Geological Survey indicate no exploration or extraction of minerals in the area.
 - The property is encumbered by the California Land Conservation Act of 1965 (Williamson Act) the Department of Conservation has been notified that the state is considering acquisition of the property.
 - DPR estimates the need for \$9,000 for ongoing natural resource maintenance and maintenance of fencing and fire roads. DPR further estimates one-time costs of \$16,000 for natural and cultural resource baseline studies and fire road grading. DPR has provided this information as its best estimate of initial needs. The Department of Finance provides no endorsement of these support estimates, but will evaluate DPR workload and staffing requirements through the normal budget process if an augmentation request is submitted, and within the context of the Administration's overall budget priorities. Nevertheless, Finance would not recommend additional support expenditures if continued revenue forecasts fail to project short-term growth and additional program reductions become necessary. DPR brings this acquisition request forward with the full knowledge that additional support appropriations may not be available. Until future funding is approved, and pending the availability of existing funds, DPR will provide for limited resource protection on the parcel.

Staff Recommendation: Approve acquisition contingent on receiving from the seller a stamped, surveyed legal description for the roadway that is reviewed and approved for accuracy by the Department of General Services.

ACTION ITEM

ACTION ITEM – 13

CALIFORNIA STATE UNIVERSITY (6610)
FRESNO STATE UNIVERSITY, FRESNO COUNTY
Education Building

Authority: Government Code Section 15809; Section 5.03 and 5.11 of the Indenture by and between the State Public Works Board and the Treasurer of the State of California dated as of April 1, 1992

- a. Authorize execution of the First Amendment to Site Lease by and between the State Public Works Board and the California State University and the Fourth Amendment to Facility Lease by and between the State Public Works Board and the California State University, for the 1992 Series A Lease Revenue Bonds and the 1996 Series A Refunding Bonds, Various California State University Projects; the 1997 Series A Refunding Bonds, Various California State University Projects; and the 1998 Series C Refunding Bonds, Various California State University Projects.**

APPROVED.

ACTION ITEM

STAFF ANALYSIS – 13

California State University, Fresno
Education Building

Action Requested

The requested action will authorize execution of the First Amendment to Site Lease by and between the State Public Works Board and the California State University and the Fourth Amendment to Facility Lease by and between the State Public Works Board and the California State University, for the 1992 Series A Lease Revenue Bonds and the 1996 Series A Refunding Bonds, Various California State University Projects; the 1997 Series A Refunding Bonds, Various California State University Projects; and the 1998 Series C Refunding Bonds, Various California State University Projects.

Background Information

In 1992, the State Public Works Board ("Board") issued lease revenue bonds (1992 Series A) to finance the construction of the educational facility known as the Education Building on the California State University, Fresno campus. At the time the bonds were issued, the Board entered into a Site Lease and a Facility Lease with the California State University. The Facility lease was amended in the course of refunding bonds in 1996 and 1997, which are insured by AMBAC. It was also amended in the course of refunding the 1998 bonds.

The property described in the Site Lease and the Facility Lease includes the footprint of the existing Education Building and land northeast of it that's currently used as a retention basin in case of flooding. The land is not necessary for the efficient and proper use of the Education building because it is only needed in case of an emergency and its function will be replaced at another location. This land will be included in a future campus project. The sequence of construction will first provide for the construction of the new basin and piping in order to connect the existing drainage/runoff to it and then take the existing basin (Education Building) out of service. Thus, at no time will there ever be any danger of flooding to the Education Building or any portion of the easterly campus due to the deletion of this basin.

The proposed First Amendment to the Site Lease and Fourth Amendment to Facility Lease will delete approximately 5.842 acres that are currently described in the 1992 Series A Site Lease and Facility Lease. A certificate and supporting memorandum is on file from the California State University attesting that the 5.8 acres are not essential for the efficient and proper operation of the facility, as the replacement basin will be surpassed by the existing storm drainage system. Additionally, the removal of the land will not impact the fair rental value of the facility or require an adjustment in the rental payment. Lastly, consent from the bond insurer, AMBAC Assurance Corporation, has been obtained for the 1996 and 1997 Series A Refunding Bonds.

Staff Recommendation: Authorize execution of the First Amendment to Site Lease and the Fourth Amendment to Facility Lease.

OTHER BUSINESS

ITEM – 14

Advise the Board of proposals in the 2004-05 Governor's Budget that may impact the Board's Lease Revenue financing program and take action as necessary.

REPORTABLES

Respectfully Submitted,

KAREN FINN
Administrative Secretary

By:

KATHRYN AMANN
Assistant Administrative Secretary